



## **DEEP Releases Draft Study on Renewable Electricity Policy; Legislature Considers Related Bill**

On March 19, the Connecticut Department of Energy and Environmental Protection (DEEP) released a draft study seeking policy changes and a restructuring of Connecticut's renewable electricity generation requirements. Renewable electricity includes that generated from wind turbines, solar panels, certain small hydroelectric facilities, fuel cells, methane gas from landfills, and other sources. The electricity used by Connecticut customers is required to include a 10% portion that is renewable of the highest rank, so called "Class I renewable." It may come from any New England state or even New York or Canada so long as the electricity is delivered to the New England grid. This legal requirement is found at Connecticut General Statutes section 16-245a and is called our renewable portfolio standard (RPS) requirement, which has existed since 1998 (with some amendments). The amount of renewable electricity that must be part of the Connecticut portfolio has been increasing under this law and increases over time to 20% by 2020.

The DEEP Draft Study, while supporting the State's commitment to further develop renewable energy, highlights several concerns with how the present renewable portfolio standard is working. DEEP notes that the RPS is too reliant on out-of-state resources. At present, only 11% of the Class I electricity used in Connecticut is from Connecticut. Related to that concern, the Draft Study notes that about 76% of our Class I requirements are being met by out-of-state biomass plants, which are old and not particularly clean (and, OCC would add, do not require the current high level of subsidization to remain operational). The Draft Study also expresses concern about a potential double-counting issue, where New York and Connecticut may both be counting the output of certain landfill gas facilities in and near New York toward their respective renewable energy goals. More generally, the Draft Study notes that as the RPS requirements go up, Connecticut citizens are in danger of having to shoulder greater costs without getting the reliability and economic benefits of in-state generation development, and without promoting power that is sufficiently clean.

To remedy these problems, the Draft Study makes numerous recommendations. To continue to develop in-state renewable generation, the Draft Study calls for continuing support for existing programs to develop solar energy, wind, and fuel cells, along with further utilization of the new Green Bank approach under the Connecticut Energy



Finance and Investment Authority. To make the portfolio cleaner, the Draft Study seeks to phase out use of some out-of-state biomass plants unless emissions improvements occur. But perhaps the most controversial and most discussed aspect of the Draft is the proposal to allow Canadian large hydroelectric facilities to take up a small share of the portfolio for now, while still seeking 20% of traditional Class I renewable energy by 2025. Some have raised concerns that using Canadian hydro plants to meet a share of our needs is tantamount to pulling back from our renewable energy commitments or would inhibit local renewable energy development.

OCC is generally supportive of the Draft Study and does not share the concerns just mentioned. Canadian hydro plants present an opportunity to utilize a relatively low-cost renewable resource developed and operated by experienced companies. We do not anticipate that legislation implementing the final Study, including the Canadian hydro proposal if that survives, would harm in-state renewables. Our renewable goals are still aggressive and will take serious effort to achieve (unless and until we get additional breakthroughs in renewables, particularly around energy storage) even with the inclusion of some large hydroelectric output in the portfolio. There remains an ample opportunity for growth in a broad spectrum of renewables, including much (or perhaps all) of the reasonable in-state potential.

OCC is hopeful that it will have an active role in developing contracts and selecting renewable energy proposals in future proceedings. We have experience in this area and feel that we have a lot to offer. A team approach that involves DEEP, OCC, the procurement manager of PURA, the Attorney General's Office, and to some degree the electric distribution companies (CL&P and UI), among others, will help to ensure that Connecticut makes the best choices for its future. Such participants have worked well together in the past to select proposals, and the number of participants has enhanced rather than impeded efficiency. OCC is seeking that legislation support and require OCC's involvement in such activities.

The Connecticut legislature has already issued a draft bill on the Draft Study, which bill will presumably be revised to implement the final Study. The most recent version of the bill may be found here:

[http://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill\\_num=1138&which\\_year=2013&SUBMIT1.x=0&SUBMIT1.y=0](http://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill_num=1138&which_year=2013&SUBMIT1.x=0&SUBMIT1.y=0). See the link marked "File No. 120."



OCC's testimony on the original bill may be found here:

<http://www.cga.ct.gov/2013/ETdata/Tmy/2013SB-01138-R000319-Elin%20Swanson%20Katz,%20Consumer%20Council-TMY.PDF>.

DEEP's Draft Study is available at

<http://www.dpuc.state.ct.us/DEEPEnergy.nsf/c6c6d525f7cdd1168525797d0047c5bf/67d62db9c92d7f6885257b320066e509?OpenDocument>.

As always please call or e-mail with questions or comments about the Study, the legislation, or OCC's views.